

WASHINGTON –Oversight and Government Reform Committee Ranking Member Darrell Issa (R-CA) and Financial Services Committee Ranking Member Spencer Bachus (R-AL) sent a letter to Housing Secretary Shaun Donovan requesting information on the financial health of the Federal Housing Administration (FHA). FHA recently announced that its annual independent actuarial study is expected to show the capital reserve ratio dropping below the congressionally-mandated threshold of two percent.

“FHA’s significantly increased market share gives rise to concerns that the agency lacks the technological and management capacity to perform proper oversight of its single-family loan insurance portfolio. Since FHA provides a 100 percent guarantee on all the mortgages it insures, taxpayers will be responsible for every dollar owed on loans that go into foreclosure. This inevitably means the Federal government is assuming substantially more financial risk. If not addressed promptly, problems at the FHA may result in another massive taxpayer-funded bailout that this country cannot afford and which the American people will not accept,” Issa and Bachus state in the letter.

“Congress and HUD must take whatever steps are necessary to ensure that this program operates in a manner that does not expose the taxpayer to yet another bailout,” Issa and Bachus state.

Among the items Issa and Bachus request are: data supporting claims that the FHA will not need to ask Congress for any funding; records and communications between HUD or FHA employees related to the decline in FHA’s reserve fund; a complete explanation of the Administration’s plan to prevent the need for any taxpayer bailout of FHA; and the process used to monitor the compliance of FHA-delegated underwriters and brokers with program rules and regulations.

[Click here](#) to view a copy of the letter.

